



**Press Release**  
For Immediate Release: November 21, 2007

## **Department of Law Announces \$19 Million Settlement in Securities Fraud Claim Against Qwest Communications International**

(Juneau, AK) The Department of Law announced today a \$19 million settlement in a securities fraud claim on behalf of the Alaska State Department of Revenue, Alaska Retirement Management Board and the Alaska Permanent Fund Corporation against Qwest Communications International.

A class action securities fraud lawsuit was filed against Qwest in 2001. The lawsuit alleged that Qwest engaged in a number of fraudulent accounting practices that had the impact of falsely inflating the value of Qwest securities. When the truth regarding these practices was revealed, the value of Qwest securities fell and investors were damaged. The Alaska Funds' losses have been estimated at approximately \$89 million (\$61mm APFC; \$28mm DOR/ARMB).

The class action settled in 2006. Alaska's anticipated recovery from the proposed class action settlement was about \$427,000. Instead of accepting the settlement, the Alaska Funds opted out of the securities fraud class action against Qwest. The Alaska Department of Law retained the law firm of Entwistle & Capucci, to represent the Alaska Funds in the opt-out claim against Qwest.

Entwistle & Capucci pursued the opt out claim against Qwest on behalf of the Alaska Funds in conjunction with the Colorado Public Retirement Association, the Florida State Board of Administration, the New York State Teachers' Retirement System and the Texas Teachers' Retirement System. Through its vigorous and excellent representation of the Alaska Funds, Entwistle & Capucci was able to sizably increase the recovery of the Alaska Funds in this matter over and above what it would have recovered in the class action. The \$19 million recovery is net of fees and costs and is allocated \$13mm to the APFC and \$6mm to DOR/ARMB. The payment will be made in three installments during FY08.

To date, the Department of Law, with the assistance of outside counsel, has recovered over \$78 million (net of fees and costs) for the state's investment funds through actions related to securities fraud. The prior cases involved securities issued by WorldCom and AOL Time Warner. For further information, contact Senior Assistant Attorney General Michael Barnhill at 907-465-3600.

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